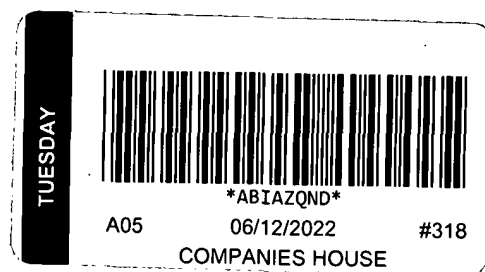


Company Registration No. 09686683 (England and Wales)

Bad Wolf Limited

**Annual report and financial statements
for the period ended 31 March 2022**



Bad Wolf Limited

Company information

Directors	Pauline Tranter	
	Julie Gardner	
	Natasha Hale	
	Mary Furlong	
	Wayne Garvie	(Appointed 1 December 2021)
	David Teague	(Appointed 1 December 2021)
	Cheryl Lynch	(Appointed 1 December 2021)
	Nina Lederman	(Appointed 1 December 2021)
	Richard Parsons	(Appointed 1 December 2021)

Company number 09686683

Registered office Wolf Studios Wales Trident Industrial Park
Glass Avenue
Cardiff
CF24 5EN

Independent auditor Saffery Champness LLP
71 Queen Victoria Street
London
EC4V 4BE

Bad Wolf Limited

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Bad Wolf Limited

Strategic report

For the period ended 31 March 2022

The directors present the strategic report for the period ended 31 March 2022.

Fair review of the business

During the period the company continued to develop high-end television programming in keeping with its stated aims. The company has seen slower growth during the period. During the period the company generated a profit after tax of £1,517,121 (Restated year ended 31 December 2020: £10,089,134) and had net assets as at the balance sheet date of £17,558,104 (Restated year ended 31 December 2020: £16,040,985). Revenue dropped to £40,218,580 (Restated year ended 31 December 2020: £121,372,841).

Principal risks and uncertainties

The key risks and uncertainties that face the company are the securing of future funding and contracts to enable the company to produce and create further television programs which it is currently developing.

Development and performance

The directors do not envisage any significant future developments for the company that would significantly impact its ability to continue to operate and grow.

Key performance indicators

The directors consider the company's key financial performance indicators to be the delivery of television programmes in line with the agreed budget and within the timeframe agreed with the broadcaster. As at period end the projects underway were in line with the agreed budget and had been delivered, or were on schedule to be delivered, on time.

Other performance indicators

The directors consider the company's key non-financial performance indicator to be whether the programmes in development and production will qualify as British in order to attract the High End Television tax credit. During the period one programme received final certification as British and the programme under production received interim certification as British.

Bad Wolf Limited

Strategic report (continued)

For the period ended 31 March 2022

Other information and explanations

Section 172 statement

The directors' of Bad Wolf Limited consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the period ended 31 March 2022.

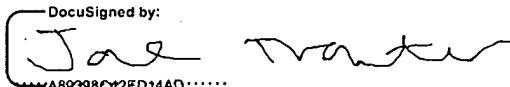
The Company is committed to being a responsible business. Our behaviour is aligned with the expectations of our people, suppliers, customers, communities and societies as a whole.

Our strategy focusses on creating ambitious, imaginative and relevant drama for the UK, US and global TV markets. To do this, we need to develop and maintain strong client relations. We value all of our suppliers and contractors are committed to developing production talent with a focus on utilising local Welsh suppliers and developing local talent.

The Company's approach encourages the involvement of local industries and enables us to support the communities around us. As well as its ethos of using local suppliers, Bad Wolf has committed to using Welsh crew and expanding the local crew base.

Bad Wolf's spending on local employment and businesses has yielded substantial economic benefits for the Welsh economy.

On behalf of the board

DocuSigned by:


Pauline Tranter

Director

27-09-22

Date:

Bad Wolf Limited

Directors' report For the period ended 31 March 2022

The directors present their annual report and financial statements for the period ended 31 March 2022.

Principal activities

The principal activity of the company continued to be that of high end television programme commissioning and production.

Results and dividends

The results for the period are set out on page 10.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

Pauline Tranter	
Julie Gardner	
Danny Cohen	(Resigned 1 December 2021)
Gary Davey	(Resigned 30 June 2021)
Glenn Whitehead	(Resigned 1 December 2021)
Natasha Hale	
Mary Furlong	
Daniel Shinar	(Resigned 1 December 2021)
Wayne Garvie	(Appointed 1 December 2021)
David Teague	(Appointed 1 December 2021)
Cheryl Lynch	(Appointed 1 December 2021)
Julian Dexter	(Appointed 30 June 2021 and resigned 1 December 2021)
Nina Lederman	(Appointed 1 December 2021)
Richard Parsons	(Appointed 1 December 2021)

Auditor

The auditor, Saffery Champness LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Energy and carbon report

As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

Bad Wolf Limited

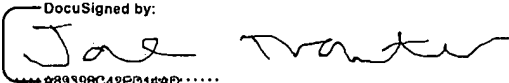
Directors' report (continued)
For the period ended 31 March 2022

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

DocuSigned by:



A89398C42ED14AD.....
Pauline Tranter
Director

27-09-22
Date:

Bad Wolf Limited

**Directors' responsibilities statement
For the period ended 31 March 2022**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Bad Wolf Limited

Independent auditor's report To the members of Bad Wolf Limited

Opinion

We have audited the financial statements of Bad Wolf Limited (the 'company') for the period ended 31 March 2022 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Bad Wolf Limited

Independent auditor's report (continued)

To the members of Bad Wolf Limited

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Bad Wolf Limited

Independent auditor's report (continued) To the members of Bad Wolf Limited

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the company by discussions with directors and by updating our understanding of the sector in which the company operates.

Laws and regulations of direct significance in the context of the company include The Companies Act 2006 and UK Tax legislation.

Audit response to risks identified

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

Bad Wolf Limited

Independent auditor's report (continued)
To the members of Bad Wolf Limited

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Darren Drake (Senior Statutory Auditor)
For and on behalf of Saffery Champness LLP

Date: **20 October 2022**

Chartered Accountants
Statutory Auditors

71 Queen Victoria Street
London
EC4V 4BE

Bad Wolf Limited**Statement of comprehensive income
For the period ended 31 March 2022**

		2022	2020
	Notes	£	as restated £
Turnover	4	40,218,580	121,372,841
Cost of sales		(28,788,011)	(112,813,118)
Gross profit		11,430,569	8,559,723
Administrative expenses		(12,419,983)	(5,199,049)
Other operating income		2,452,701	7,279,669
Operating profit	5	1,463,287	10,640,343
Finance income	8	53,834	66,789
Finance costs	9	-	(638,855)
Profit before taxation		1,517,121	10,068,277
Taxation	10	-	20,857
Profit for the financial period		1,517,121	10,089,134

The income statement has been prepared on the basis that all operations are continuing operations.

Bad Wolf Limited**Statement of financial position
As at 31 March 2022**

		2022		2020	
				as restated	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	11		25,172		41
Tangible assets	12		75,366		79,618
Investments	13		23		20
			<u>100,561</u>		<u>79,679</u>
Current assets					
Stocks	15	75,370,106		403,555	
Debtors falling due within one year	16	24,787,037		19,584,219	
Debtors falling due after more than one year	16	301,390		276,807	
Cash at bank and in hand		25,714,439		21,443,756	
		<u>126,172,972</u>		<u>41,708,337</u>	
Creditors: amounts falling due within one year	17	<u>(108,217,781)</u>		<u>(24,991,979)</u>	
Net current assets			<u>17,955,191</u>		<u>16,716,358</u>
Total assets less current liabilities			<u>18,055,752</u>		<u>16,796,037</u>
Creditors: amounts falling due after more than one year	19		(497,648)		(755,052)
Net assets			<u><u>17,558,104</u></u>		<u><u>16,040,985</u></u>
Capital and reserves					
Called up share capital	22		1		3
Share premium account			8,387,812		8,387,812
Own shares			(320,000)		(320,000)
Profit and loss reserves			9,490,291		7,973,170
Total equity			<u><u>17,558,104</u></u>		<u><u>16,040,985</u></u>

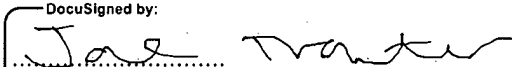
Bad Wolf Limited

Statement of financial position (continued)

As at 31 March 2022

The financial statements were approved by the board of directors and authorised for issue on 27-09-22 and are signed on its behalf by:

DocuSigned by:



A89398C42ED14AD...
Pauline Tranter

Director

Company Registration No. 09686683

Bad Wolf Limited**Statement of changes in equity
For the period ended 31 March 2022**

	Notes	Share capital £	Share premium account £	Own shares £	Profit and loss reserves £	Total £
As restated for the period ended 31 December 2020:						
Balance at 1 January 2020		3	8,387,812	(320,000)	(2,115,964)	5,951,851
Year ended 31 December 2020:						
Profit and total comprehensive income for the year		-	-	-	10,089,134	10,089,134
Balance at 31 December 2020		3	8,387,812	(320,000)	7,973,170	16,040,985
Period ended 31 March 2022:						
Profit and total comprehensive income for the period		-	-	-	1,517,121	1,517,121
Reduction of shares	22	(2)	-	-	-	(2)
Balance at 31 March 2022		1	8,387,812	(320,000)	9,490,291	17,558,104

Bad Wolf Limited

Notes to the financial statements For the period ended 31 March 2022

1 Accounting policies

Company information

Bad Wolf Limited is a private company limited by shares incorporated in England and Wales. The registered office is Wolf Studios Wales Trident Industrial Park, Glass Avenue, Cardiff, CF24 5EN.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Sony Group Corporation. These consolidated financial statements are available from its registered office - see Note 25.

1.2 Change in reporting period

The current period has been extended to 31 March 2022 to align with the period end of the group of which the company is now a member. Comparative amounts set out in these financial statements are therefore not directly comparable.

Bad Wolf Limited

Notes to the financial statements (continued)

For the period ended 31 March 2022

1 Accounting policies (continued)

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from contracts for the development of television projects is recognised dependant on the nature of the ownership of the underlying rights to the programme being produced. Where the company owns the underlying rights the revenue is recognised only upon delivery of the programme. Where the underlying rights are owned by a third party and the company is producing the programme on a 'work-for-hire' basis then revenue is recognised with reference to stage of completion of the programme.

Production fees in relation to the development of television projects are recognised by reference to the stage of completion. Stage of completion in this case is based on the time spent on each service provided as part of the contracted production fee.

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	36 months straight line
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1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Bad Wolf Limited**Notes to the financial statements (continued)****For the period ended 31 March 2022****1 Accounting policies (continued)**

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	60 months straight line
Computers	36 months straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.7 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.8 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Bad Wolf Limited

Notes to the financial statements (continued)

For the period ended 31 March 2022

1 Accounting policies (continued)

1.9 Work in progress

Work in progress relates to costs incurred in relation to the development of television programmes and is valued on the basis of direct costs plus attributable overheads. Capitalisation is deemed appropriate where the project is considered to almost certainly materialise into a broadcast and hence the costs are deemed to be recoverable. No element of profit is included in the valuation of work in progress.

1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Bad Wolf Limited**Notes to the financial statements (continued)****For the period ended 31 March 2022**

1 Accounting policies (continued)***Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Bad Wolf Limited

Notes to the financial statements (continued)

For the period ended 31 March 2022

1 Accounting policies (continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Bad Wolf Limited

Notes to the financial statements (continued)
For the period ended 31 March 2022

1 Accounting policies (continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

Bad Wolf Limited**Notes to the financial statements (continued)****For the period ended 31 March 2022****1 Accounting policies (continued)**

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

1.17 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions where practicable, else at the average rate over the year in which the transactions were incurred. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date.

2 Change in accounting policy

During the period the company moved from recognising revenue on all productions on a stage of completion basis to recognising revenue on this basis for only 'work-for-hire' productions where the underlying rights are owned by a third party. For programmes where the company owns the underlying rights, revenue is now recognised on delivery of the programme.

This change has been made a result of the application of accounting policies applied by the company's new ultimate parent company and its group.

This has resulted in a £61,173,855 adjustment to both revenue and cost of sales in the prior year. Work in progress and deferred income have both increased by £13,749,476 as a result.

There has been no impact on equity (either brought forward or closing) in the prior year as a result of the change in policy. For full details see Note 26.

Bad Wolf Limited**Notes to the financial statements (continued)****For the period ended 31 March 2022****3 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Work in progress

Costs held as work in progress are based on the company's expectations that they will be recovered in the future from commissioning, distribution or broadcast contracts. The future recoveries are not certain, hence this is a key source of estimation uncertainty.

4 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2022	2020
	£	£
Turnover analysed by class of business		
Projects in production	23,973,099	110,166,876
Project fees and recoveries	14,773,692	10,612,387
Corporate income	1,471,789	593,578
	<u>40,218,580</u>	<u>121,372,841</u>
	<u><u>40,218,580</u></u>	<u><u>121,372,841</u></u>
	2022	2020
	£	£
Turnover analysed by geographical market		
United Kingdom	39,225,474	93,743,277
United State of America	993,106	27,629,564
	<u>40,218,580</u>	<u>121,372,841</u>
	<u><u>40,218,580</u></u>	<u><u>121,372,841</u></u>

Bad Wolf Limited**Notes to the financial statements (continued)****For the period ended 31 March 2022****4 Turnover and other revenue (continued)**

	2022	2020
	£	£
Other revenue		
Interest income	53,834	66,789
Grants received	1,750,419	6,894,669
	<u> </u>	<u> </u>

5 Operating profit

	2022	2020
	£	£
Operating profit for the period is stated after charging/(crediting):		
Exchange gains	(87,791)	(246,461)
Fees payable to the company's auditor for the audit of the company's financial statements	81,263	67,276
Depreciation of owned tangible fixed assets	47,408	29,649
Amortisation of intangible assets	11,603	121
Operating lease charges	154,733	73,210
	<u> </u>	<u> </u>

6 Employees

The average monthly number of persons (including directors) employed by the company during the period was:

	2022	2020
	Number	Number
Corporate employees	38	38
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2022	2020
	£	£
Wages and salaries	9,479,692	3,505,419
Social security costs	498,732	439,405
Pension costs	151,191	216,082
	<u> </u>	<u> </u>
	<u>10,129,615</u>	<u>4,160,906</u>

Bad Wolf Limited**Notes to the financial statements (continued)****For the period ended 31 March 2022****7 Directors' remuneration**

	2022	2020
	£	£
Remuneration for qualifying services	1,891,317	1,198,865
Company pension contributions to defined contribution schemes	52,354	85,509
	<u>1,943,671</u>	<u>1,198,865</u>

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2022	2020
	£	£
Remuneration for qualifying services	831,465	561,836
Amounts receivable under long term incentive schemes	24,491	-
	<u>855,956</u>	<u>561,836</u>

8 Interest receivable and similar income

	2022	2020
	£	£
Interest income		
Interest on bank deposits	53,834	18,973
Interest receivable from group companies	-	47,816
	<u>53,834</u>	<u>66,789</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>53,834</u>	<u>66,789</u>
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9 Interest payable and similar expenses

	2022	2020
	£	£
Other finance costs:		
Unwinding of discount on loans	<u>-</u>	<u>638,855</u>

Bad Wolf Limited**Notes to the financial statements (continued)****For the period ended 31 March 2022****10 Taxation**

	2022	2020
	£	£
Current tax		
Foreign current tax on profits for the current period	-	(20,857)
	<u> </u>	<u> </u>

The actual charge/(credit) for the period can be reconciled to the expected charge for the period based on the profit or loss and the standard rate of tax as follows:

	2022	2020
	£	£
Profit before taxation	1,517,121	10,068,277
	<u> </u>	<u> </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	288,253	1,912,973
Fixed asset differences	(1,738)	63
Expenses not deductible for tax purposes	73,565	29,177
Income not taxable for tax purposes	-	(10,819)
Group relief claimed	(356,882)	(1,479,974)
Adjustments to tax charge in respect of previous periods	-	976
Remeasurement of deferred tax for changes in tax rates	3,281	(46,761)
Movement in deferred tax not recognised	(6,480)	(405,634)
rounding	1	(1)
	<u> </u>	<u> </u>
Taxation charge for the period	-	-
	<u> </u>	<u> </u>

Bad Wolf Limited**Notes to the financial statements (continued)****For the period ended 31 March 2022****11 Intangible fixed assets**

	Software £
Cost	
At 1 January 2021	365
Additions	36,734
	<u>37,099</u>
At 31 March 2022	<u>37,099</u>
Amortisation and impairment	
At 1 January 2021	324
Amortisation charged for the period	11,603
	<u>11,927</u>
At 31 March 2022	<u>11,927</u>
Carrying amount	
At 31 March 2022	<u>25,172</u>
At 31 December 2020	<u>41</u>

12 Tangible fixed assets

	Fixtures and fittings £	Computers £	Total £
Cost			
At 1 January 2021	111,274	70,872	182,146
Additions	9,413	33,743	43,156
	<u>120,687</u>	<u>104,615</u>	<u>225,302</u>
At 31 March 2022	<u>120,687</u>	<u>104,615</u>	<u>225,302</u>
Depreciation and impairment			
At 1 January 2021	52,054	50,474	102,528
Depreciation charged in the period	28,012	19,396	47,408
	<u>80,066</u>	<u>69,870</u>	<u>149,936</u>
At 31 March 2022	<u>80,066</u>	<u>69,870</u>	<u>149,936</u>
Carrying amount			
At 31 March 2022	<u>40,621</u>	<u>34,745</u>	<u>75,366</u>
At 31 December 2020	<u>59,220</u>	<u>20,398</u>	<u>79,618</u>

Bad Wolf Limited**Notes to the financial statements (continued)**
For the period ended 31 March 2022**13 Fixed asset investments**

	Notes	2022 £	2020 £
Investments in subsidiaries	14	23	20

Movements in fixed asset investments

	Shares in subsidiaries £
Cost or valuation	
At 1 January 2021	20
Additions	3
At 31 March 2022	23
Carrying amount	
At 31 March 2022	23
At 31 December 2020	20

14 Subsidiaries

Details of the company's subsidiaries at 31 March 2022 are as follows:

Name of undertaking	Class of shares held	% Held	
		Direct	Indirect
Bad Wolf (ADOW) Limited	Ordinary	100.00	-
Bad Wolf (ADOW2) Limited	Ordinary	100.00	-
Bad Wolf (HDM) Limited	Ordinary	100.00	-
Bad Wolf (IHS) Limited	Ordinary	100.00	-
Bad Wolf (IND) Limited	Ordinary	100.00	-
Bad Wolf Music Limited	Ordinary	100.00	-
Bad Wolf Studios Wales Limited	Ordinary	100.00	-
Bad Wolf, Inc	Ordinary	100.00	-
Bad Wolf (ADOW3) Limited	Ordinary	100.00	-
Bad Wolf (HDM3) Limited	Ordinary	100.00	-
Bad Wolf (IND2) Limited	Ordinary	100.00	-
Bad Wolf (TWK) Ltd	Ordinary	100.00	-
Whoniverse1 Ltd	Ordinary	100.00	-
Bad Wolf (IHS2) Ltd	Ordinary	100.00	-

Bad Wolf Limited**Notes to the financial statements (continued)****For the period ended 31 March 2022****14 Subsidiaries (continued)**

The registered office address for all subsidiaries is Wolf Studio Wales, Trident Industrial Park, Glass Avenue, Cardiff, Wales, CF24 5EN.

New addition in the year relates to the incorporation of Bad Wolf (TWK) Limited, Whoniverse1 Limited and Bad Wolf (IHS2) Limited.

15 Stocks

	2022	2020
	£	as restated £
Work in progress	75,370,106	403,555
	<u>75,370,106</u>	<u>403,555</u>

16 Debtors

	2022	2020
	£	£
Amounts falling due within one year:		
Trade debtors	2,562,185	5,353,789
Amounts owed by subsidiaries	22,019,249	13,310,003
Other debtors	182,827	56,276
Prepayments and accrued income	22,776	864,151
	<u>24,787,037</u>	<u>19,584,219</u>

	2022	2020
	£	£
Amounts falling due after more than one year:		
Corporation tax recoverable	68,796	68,796
Other debtors	232,594	208,011
	<u>301,390</u>	<u>276,807</u>

Total debtors	<u>25,088,427</u>	<u>19,861,026</u>
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Bad Wolf Limited**Notes to the financial statements (continued)****For the period ended 31 March 2022****17 Creditors: amounts falling due within one year**

	2022	2020 as restated
	£	£
Trade creditors	67,429	46,722
Amounts owed to subsidiaries	2	3
Corporation tax	1,130	1,130
Other taxation and social security	1,712,368	4,932,080
Other creditors	410,026	413,724
Accruals and deferred income	106,026,826	19,598,320
	<u>108,217,781</u>	<u>24,991,979</u>

18 Loans and overdrafts

	2022	2020
	£	£
Other loans	<u>497,648</u>	<u>755,052</u>
Payable after one year	<u>497,648</u>	<u>755,052</u>

The loan relates to outstanding interest on the now fully commuted loan from the Welsh Government which is being repaid in accordance with an agreed payment schedule.

19 Creditors: amounts falling due after more than one year

		2022	2020
	Notes	£	£
Other borrowings	18	<u>497,648</u>	<u>755,052</u>

Included within other creditors due after more than one year is a loan of £497,648 (2020: £755,052) due to The Welsh Ministers. This balance relates solely to the outstanding interest on the original, now fully commuted, loan and is being repaid in accordance with an agreed payment schedule.

Bad Wolf Limited

Notes to the financial statements (continued)

For the period ended 31 March 2022

20 Charges

Other than charges disclosed elsewhere in the accounts, the company has the following charges outstanding at the year end:

The British Broadcasting Corporation hold a fixed charge, floating charge and negative pledge over all right, title and interest in the series owned by Bad Wolf (HDM3) Limited and Bad Wolf Limited in respect of the obligation Bad Wolf (HDM3) Limited has for producing the series.

Home Box Office, Inc hold a fixed charge, floating charge and negative pledge over all rights, title and interest in the series owned by Bad Wolf (HDM3) Limited in respect of amounts advanced to Bad Wolf (HDM3) Limited in connection with the production of this series.

Mufg Union Bank, N.A. hold a fixed charge, floating charge covering all the property or undertaking of the company and a negative pledge over all rights, title and interest in the series owned by Bad Wolf (HDM3) Limited in respect of amounts advanced to Bad Wolf (HDM3) Limited in connection with the production of the series.

21 Share-based payment transactions

During the year all outstanding share options (2,030) were exercised by the option holders as part of the sale of the company.

As at the current period end there are no outstanding share options within the company.

Bad Wolf Limited**Notes to the financial statements (continued)****For the period ended 31 March 2022****22 Share capital**

	2022	2020
	£	£
Ordinary share capital		
Issued and fully paid		
6,760 ordinary of 0.01p each	0.68	0.68
1,000 E1 ordinary of 0.01p each	0.10	0.10
21,192 deferred of 0.01p each	2.12	2.12
4,160 preferred of 0.01p each	0.42	0.42
	<u>3.31</u>	<u>3.31</u>

The company has four classes of ordinary shares which carry voting rights and the right to dividends. These are ordinary shares, E1 ordinary shares, E2 ordinary shares and preferred shares. Upon sale or winding up preferred shares are repaid first with ordinary, E1 ordinary shares and E2 ordinary shares being repaid second.

Deferred shares do not carry voting rights or rights to dividends and have no rights with regards to being repaid upon sale or winding up of the company.

200 (2020: 200) E2 ordinary shares are held by the company in an Employee Benefit Trust.

23 Operating lease commitments**Lessee**

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022	2020
	£	£
Within one year	153,133	74,416
Between two and five years	230,589	104,837
	<u>383,722</u>	<u>179,253</u>

24 Related party transactions

At the year end, after discounting, £270,306 (2020: £208,011) was owed to the company from a director. Interest on the loan was charged at an annual rate of 0.5%. The loan was discounted at an effective rate of interest of 5% and has been included within debtors due after more than one year.

The company has taken advantage of the exemption under paragraph 33.1a of FRS 102 from disclosing transactions entered into between two or more members of a group, where any subsidiary undertaking which is party to the transaction is wholly owned by a member of that group.

Bad Wolf Limited**Notes to the financial statements (continued)****For the period ended 31 March 2022****25 Controlling party**

The company's immediate parent company is Sony Television Pictures Productions UK Limited, a company registered in England and Wales.

On 1 December 2021, Sony Pictures Television Production UK Limited acquired 68.1% of the equity shares in the parent company Bad Wolf Ltd. At the period end therefore, the company's ultimate parent company is Sony Group Corporation, a company registered in Japan.

The largest group in which the results of the company are consolidated is that headed by Sony Group Corporation. The financial statements for Sony Group Corporation are publicly available and can be obtained from Baker & McKenzie, 100 New Bridge Street, London EC4V 6JA.

The directors do not consider there to be one ultimate controlling party.

26 Prior period adjustment

The impact of the change in accounting policy has been to alter the timing of recognition of the purchase of rights from subsidiaries and their onward sale to distributors/broadcasters. There has been no impact from an equity position either brought forward or during the prior year as a result of these adjustments. Other impacts are set out above.

The reason for the change in accounting policies is described within Note 2.

Changes to the statement of financial position

	As previously reported	Adjustment	As restated at 31 Dec 2020
	£	£	£
Net assets	16,040,985	-	16,040,985
Capital and reserves			
Total equity	16,040,985	-	16,040,985

Changes to the income statement

	As previously reported	Adjustment	As restated
Period ended 31 December 2020	£	£	£
Turnover	60,198,986	61,173,855	121,372,841
Cost of sales	(51,639,263)	(61,173,855)	(112,813,118)
Profit for the financial period	10,089,134	-	10,089,134